



## COUNTY OF SAN LUIS OBISPO


Office of the Auditor-Controller

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TO: ART BACON, ACTING TREASURER-TAX COLLECTOR-PUBLIC ADMINISTRATOR

FROM: JAMES P. ERB, AUDITOR-CONTROLLER 

DATE: APRIL 1, 2013

SUBJECT: REPORT OF THE ANNUAL FISCAL AND COMPLIANCE REVIEW OF  
ESTABLISHMENTS SUBJECT TO THE COUNTY TRANSIENT OCCUPANCY TAX  
ORDINANCE FOR CALENDAR YEAR 2011

### Purpose

The purpose of our review was to determine the accuracy of the Transient Occupancy Tax (TOT) and San Luis Obispo County Tourism Business Improvement District (SLOCTBID) assessment remitted to the County and to verify that the tax and assessment were calculated in accordance with Chapters 3.08 and 3.09 of the San Luis Obispo County Code. In addition, we verified the existence and posting of registration certificates and business licenses.

### Scope

We reviewed the monthly TOT returns submitted by seventeen selected establishments in the unincorporated area of San Luis Obispo County.

### Methodology

We reconciled the amounts reported on the TOT returns to the establishments' financial books and records tracing total receipts, exemptions and deductions claimed, and tax remitted. We tested samples of customer registration cards and room logs by agreeing customer names and payment amounts to the operators' daily/monthly summaries used to calculate the TOT and SLOCTBID reported to the County. In addition we verified existence and posting of TOT Certificates and business licenses.

### Results

We identified five establishments that understated revenue and one establishment that overstated revenue resulting in a total of \$7,591 in TOT, SLOCTBID, penalties and interest due to the County. We identified two establishments that overstated revenue; however, because the TOT was collected from guests on behalf of the County, it must be remitted to the Tax Collector, and no refund was due to the establishments. A comprehensive schedule of monetary audit findings for the establishments is shown in the attached Summary of Monetary Audit Findings. We also identified four establishments that did not post the Transient Occupancy Registration Certificate in a conspicuous place.

Under separate communication to your Office, we previously issued individual reports for each establishment audited. These separate reports served to communicate to your Office our specific audit findings and recommendations. This report summarizes those findings and will be presented to the Board of Supervisors.

We appreciate the assistance and cooperation we received from your staff during the course of our review.